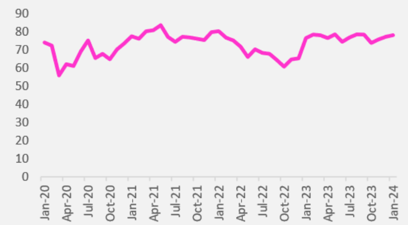
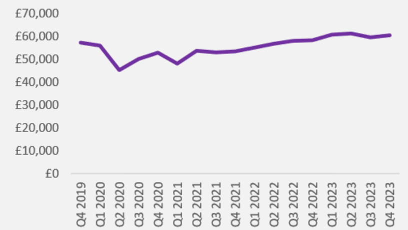
3.0 WISE March 2024 Annex

3.1 WMCA Dashboard (by the Economic Intelligence Unit)

Monthly/Quarterly Business Dashboard

Theme	Indicator	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	Trend	Relative to Peer Group[1]	Commentary
Business	Regional Business Activity Index[2] (monthly update)	49.0	53.0	52.7	52.8	54.2	52.6	51.3	50.0	49.3	50.7	50.6	51.5	53.1		WM: 2nd Highest Region UK: 52.9 London: 58.3 (1st) North East: 47.3 (12th)	The West Midlands Business Activity Index increased from 51.5 in December 2023 to 53.1 in January 2024. The latest reading signalled a solid rate of expansion, and one that was the fastest since May 2023. Growth was linked to the rising intakes of new orders and demand resilience.
	Regional Future Business Activity Index[3] (monthly update)	76.5	78.4	78.0	76.5	78.5	74.4	76.8	78.5	78.4	73.8	75.7	77.2	78.1		WM: Highest Region South East: 75.7 (2nd) Scotland: 60.9 (12th)	The West Midlands Future Business Activity Index increased from 77.2 in December 2023 to 78.1 in January 2024. Optimism from firms was linked to forecasts of demand growth, new project onboarding and publicity.
	National Business Investment[4] (update due March 2024)			£60.8bn (Q1)			£61.3bn (Q2)			£59.6bn (Q3)			£60.5bn (Q4)			N/A	UK Business investment increased by 1.5% in Quarter 4 (October to December) 2023 to £60.5bn (following a 2.8% fall in Quarter 3 2023). Annual UK business investment increased by 6.1% in 2023.

Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024
51.6	41.5	51.9	49.0	53.1

Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024
74.0	77.5	80.3	76.5	78.1

2019	2020	2021	2022	2023
£56.6bn Q1	£56.0bn Q1	£48.1bn Q1	£55.1bn Q1	£60.8bn Q1
£57.5bn Q2	£45.3bn Q2	£53.7bn Q2	£56.8bn Q2	£61.3bn Q2
£57.2bn Q3	£50.1bn Q3	£53.0bn Q3	£58.1bn Q3	£59.6bn Q3
£57.3bn Q4	£52.9bn Q4	£53.4bn Q4	£58.3bn Q4	£60.5bn Q4

The Dashboard has been updated to reflect the WMCA 7 Met. geography where available (due to data availability, FDI jobs and projects indicators have remained as WMCA 3 LEP geography). The dashboard has been RAG rated based on; Red indicating a decline in performance, Amber where they have been an improvement in performance and Green indicators an improvement above UK-wide (excluding the UK-wide indicator where they are either green or red depending on change each quarter and business activity and future business activity where amber shows a decline in performance but above the 50-growth mark and green indicators continually increases).

[1] Comparisons vary depending on geography; Birmingham has been compared to Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Newcastle. Due to data availability, the WM 7 Met. has been either compared to other combined authorities (following what is available Greater London Authority is not always included), (combined authorities are Greater Manchester CA (GMCA), Sheffield City Region, West Yorkshire CA, Liverpool City Region CA, Tees Valley CA, Cambridgeshire and Peterborough CA, West of England CA, North East CA and North of Tyne CA) or NUTS 2 / ITL 2 geography. The West Midlands region has been compared to other regions in the UK. No comparators have been included for UK-wide.

[2] NatWest, UK PMI report – released February 2024.

[3] NatWest, UK PMI report – released February 2024.

[4] Office for National Statistics (ONS), Business investment in the UK: October to December 2023 provisional results – released February 2024 (RAG rating based on quarterly change).

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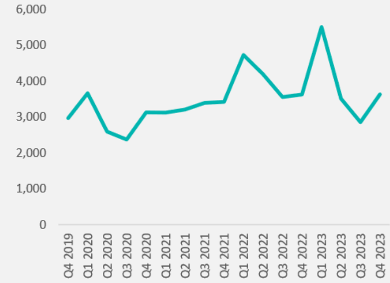
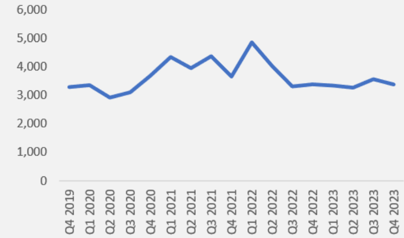
WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Theme	Indicator	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	Trend	Relative to Peer Group[1]	Commentary
Business	WMCA (7 Met.) Enterprise Deaths[5] (quarterly – update due May 2024)			5,505 (Q1)			3,510 (Q2)			2,855 (Q3)			3,630 (Q4)		 Q4 2019: 2,965 Q4 2020: 3,125 Q4 2021: 3,420 Q4 2022: 3,625 Q4 2023: 3,630	WMCA: 2nd Highest CA GMCA: 4,125 (1st) Tees Valley: 550 (10th)	In Q4 2023, there were 3,630 business deaths in the WMCA area. An increase of 0.1% when compared to Q4 2022 (UK -9.8%). Quarter on quarter analysis (between Q3 2023 and Q4 2023) shows a 27.1% increase in business deaths across the WMCA area (UK +8.0%).
Business	WMCA (7 Met.) Enterprise Births[6] (quarterly – update due May 2024)			3,335 (Q1)			3,265 (Q2)			3,560 (Q3)			3,375 (Q4)		 Q4 2019: 3,285 Q4 2020: 3,680 Q4 2021: 3,655 Q4 2022: 3,380 Q4 2023: 3,375	WMCA: Highest CA GMCA: 3,305 (2nd) Tees Valley: 655 (10th)	In Q4 2023, there were 3,375 business births in the WMCA area. A decrease of 0.1% when compared to Q4 2022 (UK +2.6%). Quarter on quarter analysis (between Q3 2023 and Q4 2023) shows a 5.2% decrease in business births across the WMCA area (UK -9.4%).

[5] ONS, Business demography, quarterly experimental statistics, low-level geographic breakdown, UK – released February 2023 (RAG rating based on quarterly change).
[6] ONS, Business demography, quarterly experimental statistics, low-level geographic breakdown, UK – released February 2023 (RAG rating based on quarterly change).

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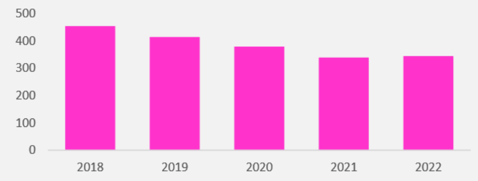
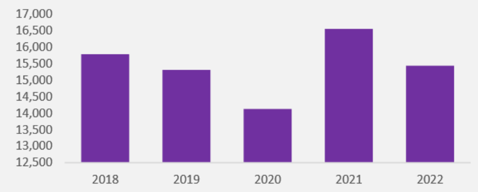
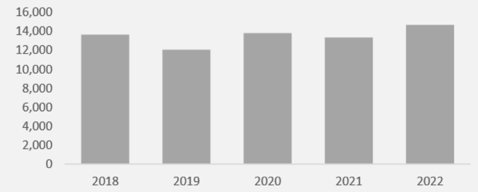
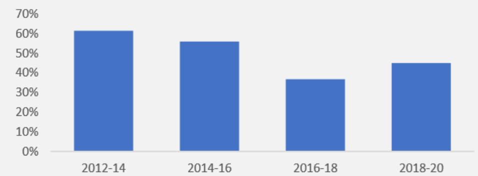
WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Annual Business Dashboard

Theme	Indicator	2017	2018	2019	2020	2021	2022	Trend	Relative to Peer Group	Commentary
Business	WMCA (7 Met.) High Growth Enterprises[7] (annual – update due Nov 2024)	430	455	415	380	340	345		WMCA: 3rd Highest CA GMCA: 490 (1st) Tees Valley: 70 (10th)	The latest available data for the WMCA area shows that the number of high growth enterprises has increased after 3 consecutive years of declines. There was a total of 345 high growth enterprises in the WMCA area in 2022, an increase of 1.5%, the UK increased by 7.4% since 2021.
	WMCA (7 Met.) Enterprise Births[8] (annual – update due Nov 2024)	13,795	15,785	15,310	14,125	16,550	15,435		WMCA: 2nd Highest CA GMCA: 16,070 (1st) Tees Valley: 2,470 (10th)	Enterprise births in the WMCA area decreased by 6.7% (-1,115) since 2021 to 15,435 in 2022. Over this period, the UK decreased by 7.4%.
	WMCA (7 Met.) Enterprise Deaths[9] (annual – update due Nov 2024)	13,735	13,670	12,080	13,830	13,365	14,700		WMCA: 2nd Highest CA GMCA: 15,530 (1st) Tees Valley: 2,690 (10th)	Enterprise deaths in the WMCA area increased by 10.0% (+1,335) since 2021 to 14,700 in 2021. Over this period, the UK increased by 5.2%.
	WMCA (7 Met.) 3 Year Enterprise Survival Rates[10] (annual – update due Nov 2024)		52.8% (2015 birth)	43.4% (2016 birth)	47.7% (2017 birth)	46.9% (2018 birth)	50.4% (2019 birth)		WMCA: Lowest CA UK: 55.9% West of England: 59.2% (1st) Liverpool City Region: 51.7% (9th)	The WMCA area performs better on short-term survival (1 year enterprise survival rates are higher than the UK average), but lags behind when it comes to longer-term survival (2-5 years enterprise survival rates in the UK are higher). Of the 15,310 enterprise births in 2019 in the WMCA area, 50.4% (7,710) were still active after 3 years compared to 55.9% for the UK.
	WM 7 Met. Innovation Active Businesses[11] (Biennial – update due May 2024)		36.8% (2016-18)		45.0% (2018-20)				WM 7 Met.: Joint 17th (with Kent and Northumberland & Tyne & Wear) / 40 UK: 44.9% Inner London-East: 58.9% (1st) Highlands and Islands: 38.9% (40th)	Prior to 2016-18, the WM 7 Met. area had more "innovation active" businesses than UK-wide proportions. There was a notable drop in 2016-18 which reflected national trends and the WM 7 Met. figure dropped below the UK (36.8% vs 37.6%). The latest available data shows the WM 7 Met. area has rebounded and was narrowly back above the UK-wide figure (45.0% vs 44.9%).

[7] ONS, Business Demography, UK 2022 – released November 2023
[8] ONS, Business Demography, UK 2022 – released November 2023
[9] ONS, Business Demography, UK 2022 – released November 2023
[10] ONS, Business Demography, UK 2022 – released November 2023
[11] Department for Business, Energy & Industrial Strategy, UK Innovation Survey 2021 – released May 2022

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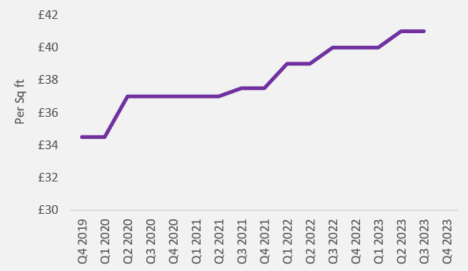
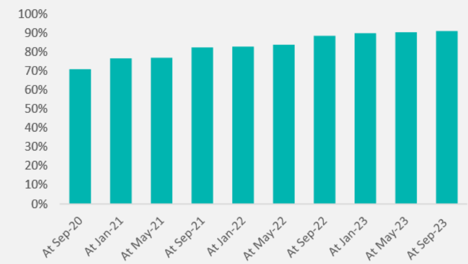
WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Quarterly Place Dashboard

Theme	Indicator	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Trend	Relative to Peer Group	Commentary
Place	Birmingham City Centre Rent[12] (Quarterly – update due Apr/May 2024)	£40.00 Per Sq ft (Q4)			£40.00 Per Sq ft (Q1)			£41.00 Per Sq ft (Q2)			£41.00 Per Sq ft (Q3)			£41.00 Per Sq ft (Q4)		Birmingham: 4th Highest / 9 Edinburgh and Manchester: £43.00 (Joint 1st) Cardiff: £25.00 (9th)	The city's prime rent remains at £41.00 per sq. ft, on the quarter but up 2.5% on last year.
	WMCA (7 Met.) Gigabit broadband Connectivity[13] (tri-annual – update due Spring 2024)		90.1% premises (As of Jan 2023)				90.6% premises (As of May 2023)				91.3% premises (As of Sep 2023)					WMCA: Highest CA UK: 76.0% Tees Valley: 90.8% (2nd) North East: 70.6% (10th)	As of September 2023, 91.3% of premises in the WMCA area had gigabit broadband availability - significantly above the UK-wide figure of 76.0%.

2019	2020	2021	2022	2023
£33.00 Q1	£34.50 Q1	£37.00 Q1	£39.00 Q1	£40.00 Q1
£34.00 Q2	£37.00 Q2	£37.00 Q2	£39.00 Q2	£41.00 Q2
£34.00 Q3	£37.00 Q3	£37.50 Q3	£40.00 Q3	£41.00 Q3
£34.50 Q4	£37.00 Q4	£37.50 Q4	£40.00 Q4	£41.00 Q4

[12] Avison Young, The Big Nine – created February 2023.
[13] Ofcom, connected nations – released December 2023 (RAG rating based on quarterly change).

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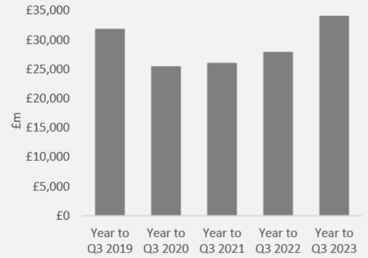
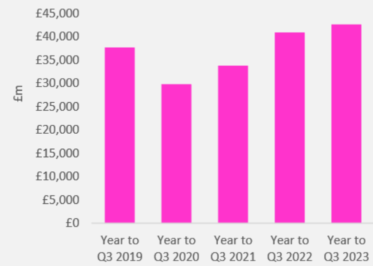
WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Quarterly Economy Dashboard

Theme	Indicator	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	Trend	Relative to Peer Group	Commentary
Economy	Regional Exports in Goods[14] (quarterly – update due Mar 2024)	£28.0bn (Year to Q3 2022)			£29.9bn (Full Year 2022)			£31.6bn (Year to Q1 2023)			£33.4bn (Year to Q2 2023)			£34.1bn (Year to Q3 2023)		WM – 4th Highest Region South East: 11.5% (1st) Northern Ireland: 2.8% (12th)	Since the year ending Q3 2022, the West Midlands region's total value in goods exports increased by £6.2bn (+22.0%) to £34.1bn in the year ending Q3 2023 – the highest increase reported across all UK regions. The overall value of UK trade in goods exports increased at a slower rate, by 2.7%. Longer-term trends (back to year ending 2014 due to data availability) shows the West Midlands exports are at its highest. The West Midlands had a trade deficit of £8.5bn in the year ending Q2 2023.
	Regional Imports in Goods[15] (quarterly – update due Mar 2024)	£40.9bn (Year to Q3 2022)			£42.6bn (Full Year 2022)			£42.7bn (Year to Q1 2023)			£42.5bn (Year to Q2 2023)			£42.7bn (Year to Q3 2023)		WM – 5th Highest Region South East: 18.4% (1st) Northern Ireland: 1.6% (12th)	Since the year ending Q3 2022, the value of West Midlands region imports increased by £1.7bn (+4.2%) to £42.7bn in the year ending Q2 2023. UK-wide total imports increased by 2.2%.

[14] HMRC, UK regional trade in goods statistics – released December 2023. Data is not comparable across the dashboard; the RAG rating is comparing the same period to the previous year.
[15] HMRC, UK regional trade in goods statistics – released December 2023. Data is not comparable across the dashboard; the RAG on this occasion has not been applied.

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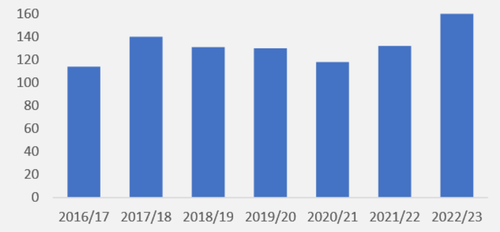
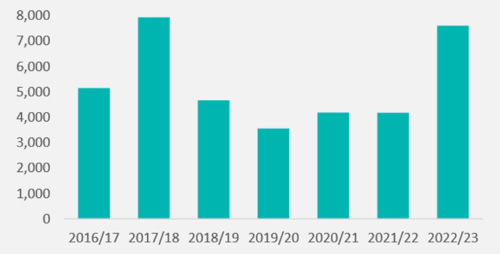
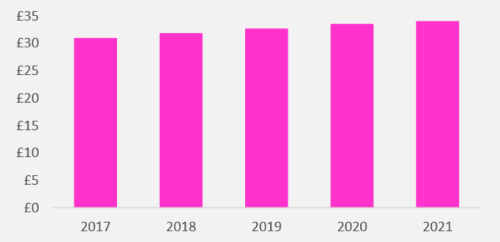
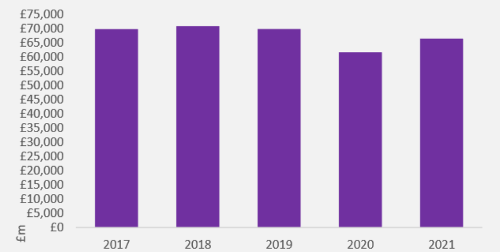
WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Annual Economy Dashboard

Theme	Indicator	2017	2018	2019	2020	2021	2022	2023	Trend	Relative to Peer Group	Commentary
Economy	WMCA (3 LEP) FDI Projects[16] (annual – update due Jun/Jul 2024)	114 (2016/17)	140 (2017/18)	131 (2018/19)	130 (2019/20)	118 (2020/21)	132 (2021/22)	160 (2022/23)		-	In total there has been 1,446 FDI projects from 2011/12 to 2022/23 in the WMCA (3 LEP) area. Data shows for 2022/23 there were 160 FDI projects to the WMCA (3 LEP) area, an increase of 21.2% (+28) compared to an increase of 4.1% for the UK since 2021/22. Black Country LEP total FDI projects decreased by 32.0% (-8) since 2021-22 to 17 in 2022-23. Coventry & Warwickshire LEP increased by 24.4% (+11) to 56 and Greater Birmingham & Solihull LEP increased by 40.3% (+25) to 87.
	WMCA (3 LEP) FDI New Jobs[17] (annual – update due Jun/Jul 2024)	5,149 (2016/17)	7,933 (2017/18)	4,666 (2018/19)	3,558 (2019/20)	4,183 (2020/21)	4,176 (2021/22)	7,605 (2022/23)		-	In total there has been 70,072 new jobs created from FDI projects from 2011/12 to 2022/23 in the WMCA (3 LEP) area. Data shows for 2022/23 there were 7,605 new jobs in the WMCA (3 LEP) area, an increase of 82.1% (+3,429) compared to a decrease of 6.1% for the UK since 2021/22. Black Country LEP new jobs from FDI projects increased by 9.5% (+55) since 2021-22 to 634 in 2022-23. Coventry & Warwickshire LEP increased by 108.3% (+1,661) to 3,195 and Greater Birmingham & Solihull LEP increased by 83.0% (+1,713) to 3,776.
	WMCA (7 Met.) GVA per Hour[18] (Annual – TBC update due Jun 2024)	£30.96	£31.85	£32.69	£33.55	£34.05				WMCA: 5th Highest CA / 11 UK: £38.33 Greater London Authority: £51.08 (1st) South Yorkshire Mayoral CA: £30.04 (11th)	In 2021, GVA per hour in the WMCA area was £34.05. Since 2020, the WMCA area increased by 1.5% (+£0.50), which matched the UK growth rate. When compared to 2019, GVA per hour in the WMCA area increased by 4.2% (+£1.36) while the UK increased by 4.5% (+£1.64). In 2021, UK GVA per hour was £38.33 meaning the WMCA area had a shortfall of £4.28.
	WMCA (7 Met.) Total GVA – Chained Volume Measures in 2019 Money Value[19] (Annual – update due Mar 2024)	£69.9bn	£71.0bn	£70.0bn	£61.8bn	£66.6bn				WMCA: 3rd Highest CA / 11 Greater London Authority: £460.1bn (1st) Tees Valley CA: £13.4bn (11th)	In 2021, total GVA for the WMCA area was £66.6bn. An increase of 7.8% (+£4.8bn), which matched the UK growth rate. The latest annual change follows two years of declines in the WMCA (2018/19: -1.4%, UK +1.7% and 2019/20: -11.7%, UK -10.6%).

[16] Department for Business and Trade (DBT), inward investment results – released July 2023.
[17] DBT, inward investment results – released July 2023.
[18] ONS, subregional productivity in the UK – released June 2023.
[19] ONS, Regional economic activity by gross domestic product, UK: 1998 to 2021 – released April 2023.

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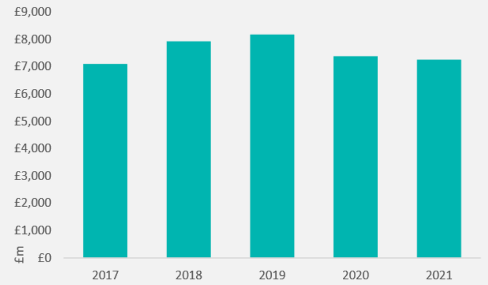
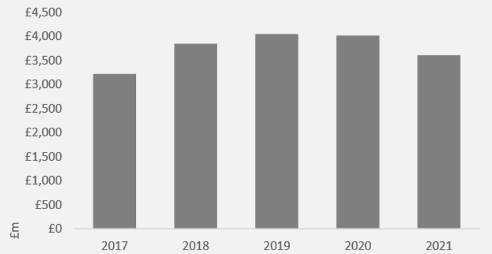
WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Theme	Indicator	2017	2018	2019	2020	2021	2022	2023	Trend	Relative to Peer Group	Commentary
Economy	WMCA (7 Met.) Exports in Services[20] (Annual – update due TBC 2024)	£7.1bn	£7.9bn	£8.2bn	£7.4bn	£7.3bn				WM 7 Met.: 11th Highest ITL 2 / 31 Inner London - West: £96.5bn (1st) Cornwall & Isles of Scilly: £562m (36th)	Since the year ending 2020, the WMCA's total value in service exports decreased by £123m (-1.7%) to £7.3bn in 2021. The overall value of UK trade in service exports increased, by 6.8% (to £330.7bn) in 2021. The WMCA had a trade surplus of £3.6bn in 2021.
	WMCA (7 Met.) Imports in Services[21] (Annual – update due TBC 2024)	£3.2bn	£3.8bn	£4.1bn	£4.0bn	£3.6bn				WM 7 Met.: 13th Highest ITL 2 / 41 Inner London - West: £38.1bn (1st) Cornwall & Isles of Scilly: £170m (36th)	Since 2020, the value of WMCA imports decreased by £408m (-10.2%) to £3.6bn in 2021. UK-wide total imports increased by 12.5% to £189.6bn.

[20] ONS, International trade in UK nations, regions and cities: 2021 – released June 2023.
[21] ONS, International trade in UK nations, regions and cities: 2021 – released June 2023.

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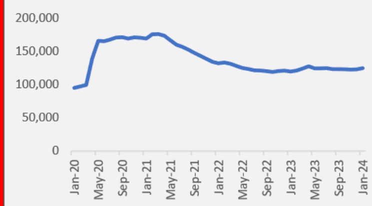
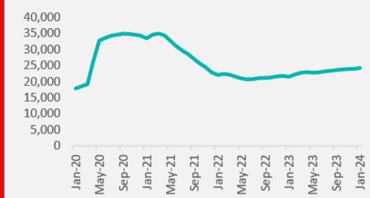
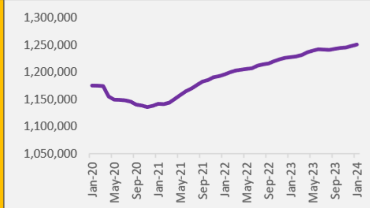
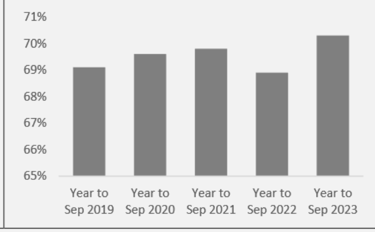
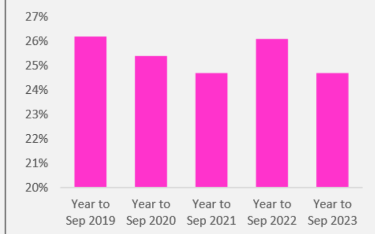
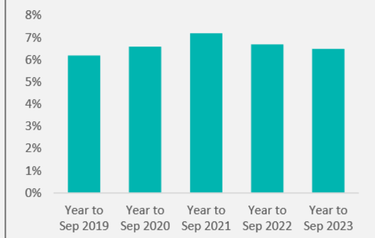
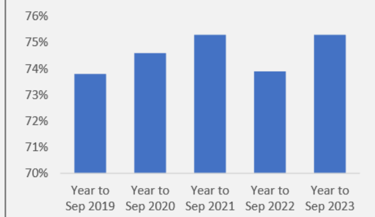
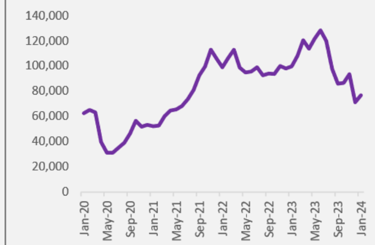
WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Monthly People Dashboard

Theme	Indicator	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	Trend	Relative to Peer Group	Commentary
People	WMCA (7 Met.) Claimants (16+)[22] (monthly update)	119,470 (6.5% of Pop. aged 16-64)	120,960 (6.6% of Pop. aged 16-64)	123,900 (6.7% of Pop. aged 16-64)	127,325 (6.9% of Pop. aged 16-64)	124,230 (6.7% of Pop. aged 16-64)	124,225 (6.7% of Pop. aged 16-64)	124,505 (6.8% of Pop. aged 16-64)	123,075 (6.7% of Pop. aged 16-64)	123,025 (6.7% of Pop. aged 16-64)	122,825 (6.7%, of Pop. aged 16-64)	122,440 (6.6% of Pop. aged 16-64)	122,735 (6.7% of Pop. aged 16-64)	124,575 (6.8% of Pop. aged 16-64)	 Jan 2020: 94,855 Jan 2021: 169,090 Jan 2022: 131,855 Jan 2023: 119,470 Jan 2024: 124,575	WMCA: Highest CA UK: 3.7% GMCA: 4.9% (2nd) West of England: 2.7% (10th)	There were 124,575 claimants in the WMCA area in January 2024. Since December 2023, there has been an increase of 1.5% (+1,840) claimants in the WMCA, the UK increased by 1.7% When compared to January 2023, the WMCA increased by 4.3% (+5,105), the UK increased by 4.5%.
	WMCA (7 Met.) Youth Claimants (18-24)[23] (monthly update)	21,490 (7.6% of Pop. aged 18-24)	22,150 (7.8% of Pop. aged 18-24)	22,725 (8.0% of Pop. aged 18-24)	22,945 (8.1% of Pop. aged 18-24)	22,735 (8.0% of Pop. aged 18-24)	22,855 (8.0% of Pop. aged 18-24)	23,150 (8.2% of Pop. aged 18-24)	23,325 (8.2% of Pop. aged 18-24)	23,580 (8.3% of Pop. aged 18-24)	23,745 (8.4% of Pop. aged 18-24)	23,895 (8.4% of Pop. aged 18-24)	23,955 (8.4% of Pop. aged 18-24)	24,235 (8.5% of Pop. aged 18-24)	 Jan 2020: 17,845 Jan 2021: 33,405 Jan 2022: 22,035 Jan 2023: 21,490 Jan 2024: 24,235	WMCA: Highest CA UK: 5.0% Tees Valley: 7.8% (2nd) West of England: 2.5% (10th)	In January 2024, there were 24,235 youth claimants in the WMCA area. Since December 2023, there was an increase of 1.2% (+280) youth claimants in the WMCA area, the UK increased by 1.1%. When compared to January 2023, the WMCA increased by 12.8% (+2,745) while the UK increased by 8.4%.
	WM 7 Met. Seasonally Adjusted Payrolled Employees[24] (monthly update)	1,227,619	1,228,841	1,231,337	1,236,316	1,239,511	1,241,902	1,241,529	1,240,832	1,242,690	1,244,399	1,245,341	1,248,035	1,250,638	 Jan 2020: 1,175,133 Jan 2021: 1,141,561 Jan 2022: 1,195,669 Jan 2023: 1,227,619 Jan 2024: 1,250,638	WM 7 Met.: 3rd Highest NUTS 2 / 41 Surrey, East & West Sussex: 1,314,358 (1st) Highlands & Islands: 207,637 (41st)	The latest (provisional) figures show that there was a monthly rise in payrolled employees for the WM 7 Met. area (+0.2%, matching the UK). There were over 1.25m payrolled employees in the WM 7 Met. area in January 2024. When compared to January 2023 payrolled employees were 1.9% higher (+23,019 in the WM 7 Met. area – above the UK growth of 1.4%).
	WMCA (7 Met.) Employment Rate[25] (quarterly – update due Apr 2024)			68.6% (Year Ending Mar 2023)			69.8% (Year Ending Jun 2023)			70.3% (Year Ending Sep 2023)						WMCA: Lowest CA UK: 75.7% Cambridgeshire & Peterborough: 79.6% (1st) North East: 70.5% (9th)	In the year ending September 2023, the employment rate in the WMCA area was 70.3%, compared to 75.7% UK-wide. The WMCA area increased by 1.4pp and the UK increased by 0.3pp when compared to the year ending September 2022. For the WMCA area to reach the UK rate of 75.7%, an additional 100,847 people are required to be employed.

[22] ONS/DWP, claimant count – released February 2024.
[23] ONS/DWP, claimant count – released February 2024.
[24] ONS, Earnings and employment from Pay As You Earn Real Time Information – released February 2024.
[25] ONS, Annual Population Survey – released January 2024. Please note, figures are not comparable across the dashboard.

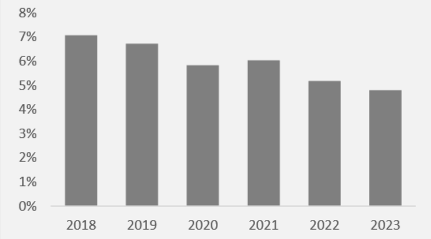
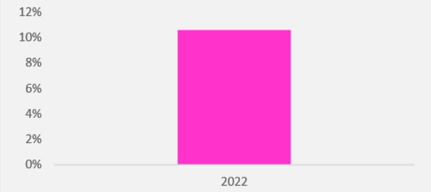
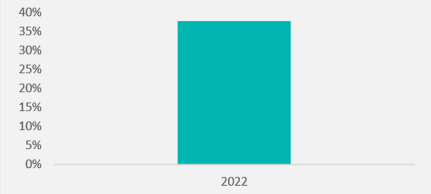
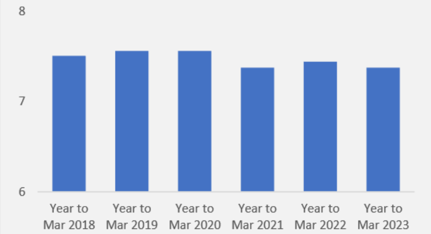
WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Theme	Indicator	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	Trend	Relative to Peer Group	Commentary
People	WMCA (7 Met.) Economic Inactivity Rate[26] (quarterly – update due Apr 2024)			26.5% (Year Ending Mar 2023)			25.2% (Year Ending Jun 2023)			24.7% (Year Ending Sep 2023)						WMCA: 3rd Highest CA UK: 21.3% North East: 26.2% (1st) Cambridgeshire & Peterborough: 16.8% (10th)	In the year ending September 2023, the economic inactivity rate in the WMCA area was 24.7%, a decrease of 1.4pp from the year ending September 2022. Over the same period the UK decreased by 0.5pp to 21.3%. The WMCA area had a higher percentage of people that were inactive when compared to the UK in three categories; students (28.8% vs 26.8%), looking after the family/home (25.1% vs 19.4%) and long-term sick (28.3% vs 27.2%)
	WMCA (7 Met.) Modelled Unemployment[27] (quarterly – update due Apr 2024)			6.6% (Year Ending Mar 2023)			6.6% (Year Ending Jun 2023)			6.5% (Year Ending Sep 2023)						WMCA: Highest CA England: 3.8% North East and GMCA: 4.3% (Joint 2nd) West of England: 3.3% (10th)	In the year ending September 2023, the modelled unemployment rate in the WMCA area was 6.5%, compared to 3.8% for England-wide. The modelled unemployment rate for the WMCA area decreased by 0.2pp when compared to the year ending September 2022. England's modelled unemployment rate increased by 0.1pp.
	WMCA (7 Met.) Economic Activity Rate[28] (quarterly – update due Apr 2024)			73.5% (Year Ending Mar 2023)			74.8% (Year Ending Jun 2023)			75.3% (Year Ending Sep 2023)						WMCA: 3rd Lowest CA UK: 78.7% Cambridgeshire & Peterborough: 83.2% (1st) North East: 73.8% (10th)	In the year ending September 2023, the economic activity rate in the WMCA area was 75.3%, compared to 78.7% UK-wide. The economic activity rate for the WMCA area increased by 1.4pp and for the UK, increased by 0.5pp when compared to the year ending September 2023. For the WMCA area to reach the UK rate of 78.7%, an additional 62,957 people are required.
	WMCA (7 Met.) Unique Job Postings[29] (monthly update)	99,638	107,918	120,384	113,668	121,681	128,223	119,826	97,651	85,895	86,537	93,453	71,184	76,783	 Jan 2020: 62,507 Jan 2021: 52,177 Jan 2022: 98,968 Jan 2023: 99,638 Jan 2024: 76,783	WMCA: 2nd Highest CA GMCA: 82,862 (1st) Tees Valley: 11,441 (10th)	There were 76,783 unique active jobs postings in January 2024. This has increased by 5,599 since December 2023. When compared to January 2023, unique job postings decreased by 22,855.

[26] ONS, Annual Population Survey – released January 2024. Please note, figures are not comparable across the dashboard.
[27] ONS, modelled based estimates of unemployment – released January 2024. Please note, figures are not comparable across the dashboard.
[28] ONS, Annual Population Survey – released January 2024. Please note, figures are not comparable across the dashboard.
[29] Lightcast – accessed February 2024.

WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Annual People Dashboard

Theme	Indicator	2017	2018	2019	2020	2021	2022	2023	Trend	Relative to Peer Group	Commentary
People	WMCA (7 Met.) Not In Education, Employment or Training (NEET)[30] (annual – update due Jul 2024)		7.1%	6.7%	5.8%	6.0%	5.2%	4.8%		England: 5.2%	In 2023, in the WMCA area, 4.8% of residents aged 16-17 years old were NEET (including not known). This has decreased by 0.4pp in the WMCA area, while for the UK there was an increase of 0.5pp since 2022.
	WMCA (7 Met.) Working Age Population with No Qualifications[31] (annual – update due Apr 2024)						10.6%			WMCA: Highest CA UK: 7.0% West Yorkshire: 9.5% (2nd) West of England: 5.4% (10th)	In 2022, in the WMCA area, 10.6% (184,000) of the working age population had no qualifications, this was above the UK-wide average of 7.0%. To match the UK proportion, 62,465 residents in the WMCA area would need to gain a qualification.
	WMCA (7 Met.) Working Age Population with RQF4+ Qualifications[32] (annual – update due Apr 2024)						37.8%			WMCA: 3rd Lowest CA UK: 45.5% West of England: 54.5% (1st) Tees Valley: 33.1% (10th)	In 2022, in the WMCA area, 37.8% (656,400) of the working age population had RQF4+ qualifications. This was below the UK-wide average of 45.5%, meaning there was a shortfall in the WMCA area of 134,215 people.
	WMCA (7 Met.) Average Life Satisfaction Score[33] (annual – update due 2024)	7.54 (Year Ending Mar 2017)	7.51 (Year Ending Mar 2018)	7.56 (Year Ending Mar 2019)	7.56 (Year Ending Mar 2020)	7.38 (Year Ending Mar 2021)	7.44 (Year Ending Mar 2022)	7.38 (Year Ending Mar 2023)		WMCA: Joint 4th Highest CA (with Sheffield City Region) UK: 7.45 North of Tyne: 7.56 (1st) Liverpool City Region: 7.30 (10th)	For the year ending March 2023, the average life satisfaction score for the WMCA area was 7.38 (out of 10), below the UK-wide average of 7.45. Since the year ending March 2022, there was a decrease of 0.07 for the WMCA area compared to a decrease 0.09 UK-wide.

[30] Department for Education, Participation in education, training and NEET age 16 to 17 by local authority – released July 2023. Participation estimates are based on data collected in March each year. In order to ensure the most robust estimates of NEET and not known rates an average of December/January/February data is used for an estimate around the end of the calendar year.

[31] ONS, Annual Population Survey – released August 2023. Please note, National Vocational Qualifications (NVQ) estimates have been replaced with estimates on a Regulated Qualifications Framework (RQF) basis. RQF based estimates are available for the Jan - Dec 2022 survey period, while estimates prior to Jan - Dec 2022 remain on an NVQ basis. Due to this change, trend analysis has been excluded.

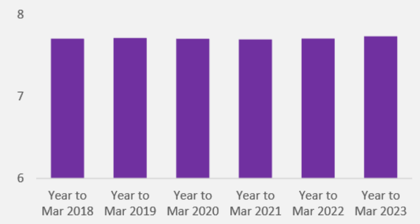
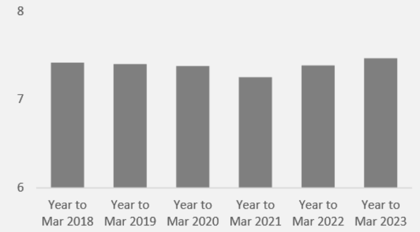
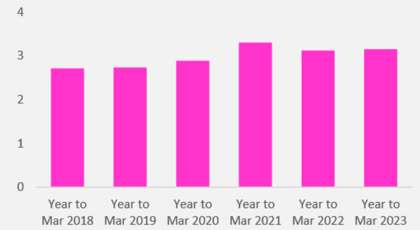
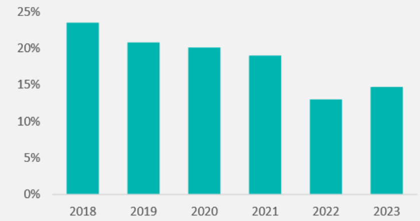
[32] ONS, Annual Population Survey – released August 2023. Please note, National Vocational Qualifications (NVQ) estimates have been replaced with estimates on a Regulated Qualifications Framework (RQF) basis. RQF based estimates are available for the Jan - Dec 2022 survey period, while estimates prior to Jan - Dec 2022 remain on an NVQ basis. Due to this change, trend analysis has been excluded.

[33] ONS, Annual personal well-being estimates – released November 2023. Respondents were asked "Overall, how satisfied are you with your life nowadays? Where 0 is 'not at all satisfied' and 10 is 'completely satisfied'"

West Midlands Combined Authority | Research and Insights

The Economic Intelligence Unit

WMCA ECONOMIC DASHBOARD – FEBRUARY 2024

Theme	Indicator	2017	2018	2019	2020	2021	2022	2023	Trend	Relative to Peer Group	Commentary
People	WMCA (7 Met.) Average Worthwhile Score[34] (annual – update due 2024)	7.71 (Year Ending Mar 2017)	7.71 (Year Ending Mar 2018)	7.71 (Year Ending Mar 2019)	7.70 (Year Ending Mar 2020)	7.70 (Year Ending Mar 2021)	7.71 (Year Ending Mar 2022)	7.73 (Year Ending Mar 2023)		WMCA: 3rd Highest CA UK: 7.73 North of Tyne: 7.75 (1st) West of England: 7.61 (10th)	For the year ending March 2023, the average worthwhile score for the WMCA area was 7.73 (out of 10), now matching the UK-wide average. Since the year ending March 2022, there was an increase of 0.03 for the WMCA area compared to a decrease 0.04 UK-wide.
	WMCA (7 Met.) Average Happiness Score[35] (annual – update due 2024)	7.37 (Year Ending Mar 2017)	7.39 (Year Ending Mar 2018)	7.40 (Year Ending Mar 2019)	7.35 (Year Ending Mar 2020)	7.24 (Year Ending Mar 2021)	7.38 (Year Ending Mar 2022)	7.43 (Year Ending Mar 2023)		WMCA: 2nd Highest CA UK: 7.39 North of Tyne: 7.44 (1st) West Yorkshire: 7.20 (10th)	For the year ending March 2023, the average happiness score for the WMCA area was 7.43 (out of 10), above the UK-wide average of 7.39. Since the year ending March 2022, there was an increase of 0.05 for the WMCA area compared to a decrease 0.06 UK-wide.
	WMCA (7 Met.) Average Anxiety Score[36] (annual – update due 2024)	2.81 (Year Ending Mar 2017)	2.71 (Year Ending Mar 2018)	2.74 (Year Ending Mar 2019)	2.89 (Year Ending Mar 2020)	3.30 (Year Ending Mar 2021)	3.12 (Year Ending Mar 2022)	3.15 (Year Ending Mar 2023)		WMCA: 3rd Lowest CA UK: 3.23 Greater Manchester: 3.40 (1st) North of Tyne: 3.03 (10th)	For the year ending March 2023, the average anxiety score for the WMCA area was 3.15 (out of 10), below the UK average. Since the year ending March 2022, there was an increase of 0.03 for the WMCA area compared to an increase 0.11 UK-wide.
	WMCA (7 Met.) Living Wage Foundation Rates (All)[37] (annual – update due Nov 2024)	23.7%	23.5%	20.8%	20.1%	19.0%	13.0%	14.7%		WMCA: Joint 4th Highest CA(with Sheffield) UK: 12.9% Tees Valley: avg. 18.9% (1st) Cambridgeshire & Peterborough: avg. 9.0% (10th)	In 2023, approximately 14.7% of all jobs were earning below the Living Wage Foundation rates in the WMCA area. Since 2022, following the national trend, the proportion increased by 1.7pp (nationally +0.6pp).

[34] ONS, Annual personal well-being estimates – released November 2023. Respondents were asked "Overall, to what extent do you feel the things you do in your life are worthwhile? Where 0 is 'not at all worthwhile' and 10 is 'completely worthwhile'".
[35] ONS, Annual personal well-being estimates – released November 2023. Respondents were asked "Overall, how happy did you feel yesterday? Where 0 is 'not at all happy' and 10 is 'completely happy'".
[36] ONS, Annual personal well-being estimates – released November 2023. Respondents were asked "Overall, how anxious did you feel yesterday? Where 0 is 'not at all anxious' and 10 is 'completely anxious'".
[37] ONS, Number and proportion of employee jobs with hourly pay below the living wage – released January 2024

3.2 EIU Review of Key Sectoral Headlines, Regional Economic Shocks, Investment, Deals, and Opportunities

HEADLINES	
SECTOR	**KEY INSIGHTS**
Manufacturing and Engineering	• New car registration figures from the Society of Motor Manufacturers and Traders (SMMT) for January 2024 reveal almost two-thirds of new cars sold were to fleet, versus the traditional 50/50 split of fleet and retail. EY note that one critical challenge for manufacturers will be how to **make this channel mix sustainably profitable**. The deferral of the 'rules of origin' legislation will provide **further impetus to automotive manufacturing, in the UK and continental Europe**. • More than half (53%) of UK manufacturers have been **impacted by the disruption to shipping in the Red Sea.** • **Research from MakeUK reveals Britain's manufacturers are stepping up their ESG commitments** as the topic rises rapidly on the boardroom agenda in response to the growing labour market, government, investor and customer pressure. The number of firms setting ESG targets for their business has increased by 48%, with around two thirds (62%) of manufacturers now doing so since 2021, according to a new report launched by Make UK and Lloyds Bank. • Britain's manufacturers realised **productivity improvements worth £48.5bn in 2023**, according to analysis of ONS data. This is an **increase of 8.6% on 2022 levels** and includes multi-billion-pound improvements in automotive and food production output. Output per manufacturer increased by 1.2% between Q4 2022 and Q4 2023, while productivity per manufacturer was up 1%. On average, each active UK manufacturer produced goods worth £1.13m in Q4 2023, up from £1.10m in 2022. Additionally, **output per employee was up 2% year-on-year.** • A new **region-wide rail training academy** designed to support hundreds of new training and employment opportunities for local people in the rail sector has opened in Dudley, called the **Very Light Rail National Innovation Centre**.
Construction	• Monthly **construction output in the UK is estimated to have decreased 0.5% in volume** terms in December 2023. Quarterly construction output saw a decrease of 1.3% in Quarter 4 (Oct to Dec) 2023 compared with Quarter 3 (July to Sept) 2023; this came solely from a decrease in new work (5.0% fall), as repair and maintenance increased by 4.0%. • A new report on HS2 from Arcadis estimates the **West Midlands economy could be boosted by £10bn** during the next 10 years as **41,000 homes and 7.5 million sq ft of commercial floorspace will be generated within a 1.5-mile radius** of Curzon Street and Interchange stations, in Birmingham and Solihull respectively, and the depot and control centre in Washwood Heath. The report also indicated that **30,835 new jobs will be created**.
Retail, Hospitality and Tourism	• Retail sales volumes are estimated to have **rebounded by 3.4% in January 2024**, following a record fall of 3.3% in December 2023 (revised from a fall of 3.2%). This was the largest monthly rise since April 2021 and returned volumes to November 2023 levels. **This reflected rising levels of consumer confidence, as well as a boost from the January sales**.

HEADLINES	
SECTOR	KEY INSIGHTS
	• Economic strains have sparked a 'bloodbath' in hospitality, with scores of closures already this year, with restaurateurs calling for an immediate drop in VAT.
Tech / Digital	• **The UK Government have invested £45 million in the UK's quantum sector** as part of its commitment to transforming into a quantum-enabled economy by 2033 – seizing this technology's potential to overhaul healthcare, energy, transport and more. • This month the Government responded to the AI Regulation White Paper, setting out the ambition for AI regulation and the need to **strike a careful balance between innovation and regulation**, whilst also avoiding a 'one size fits' all approach. • The Government have released a draft Code of Practice on cyber security governance to help directors and senior leaders **shore up their defences from cyber threats.** • The West Midlands Growth Company (WMGC) has launched the **West Midlands Global Growth Programme for 2024**, offering free support to international tech companies aiming to establish themselves in the region. The 2024 Global Growth Programme will be delivered across five hubs in **Birmingham, Wolverhampton, and Coventry**, catering to sectors like **Health Tech, Clean Tech, Digital Tech, and Future Mobility**. • The **WMCA has launched a revitalised Digital Roadmap** to enhance digital skills, broadband connectivity, and technology adoption, addressing challenges like digital poverty.
Health and Med Tech	• **Aston University** has hosted an event to celebrate the launch of **SPARK The Midlands, a network which aims to bridge the gap between medical research discoveries of novel therapeutics, medical devices and diagnostics, and real-world clinical use.** The SPARK scheme helps to provide mentorship and forge networks between researchers, those with technical and specialist knowledge and potential sources of funding.
Environmental Technologies	• Twelve industrial areas are the latest to benefit from the **Local Industrial Decarbonisation Plans (LIDP)**, receiving a share of up to **£6m** to decarbonise businesses in areas that account for high emissions. Winning projects include the **Decarbonising the Midlands Aerospace Cluster (DMAC)** led by the Midlands Aerospace Alliance. • The next round of funding has opened for the **Industrial Energy Transformation Fund (IETF)**, which aims to help companies replace inefficient equipment, install electric furnaces and switch to hydrogen. • The British Chambers of Commerce (BCC) **'Green Innovation Challenge' report** has **outlined a series of proposals for policymakers**, including a new public body to oversee delivery of core climate policies and strengthened resources for the independent Climate Change Committee. The report also calls for a robust Green Industrial Strategy from Government, a permanent cross-sector approach to green jobs from policymakers and quicker Government action on financing the transition to net zero through the tax system. • New research has demonstrated that increasing the prices of voluntary carbon credits could **incentivise higher levels of woodland creation in the UK**, as current prices render less than **60% of suitable land economically viable for afforestation**.

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	DETAIL
R & S Laser Cutting & Fabrications	Birmingham	Manufacturing	A Birmingham-based steel manufacturer is staring at an uncertain future after posting a notice of intention to appoint administrators (NOI). R & S Laser Cutting & Fabrications is a sub-contract laser cutting and fabrications company that started out in 1996 with a welding set and drilling machine. For the last two years, the manufacturer has incurred considerable losses of £419k in 2023 and £494k in 2022. Its current liabilities exceeded its assets by more than £1m in 2023 and R & S said it was being supported by its director and shareholder.
Mereway Kitchens	Birmingham	Manufacturing	Mereway Kitchens has collapsed into administration five months after the company was rescued in a pre-pack deal. Now 120 jobs have been lost in Birmingham as the firm's poor sales volumes left the business unprofitable amid a "weakening market". A spokesperson for the company also felt the previous administration process affected consumer confidence.
LloydsPharmacy	Coventry	Pharmaceutical	LloydsPharmacy has entered liquidation, owing £293m to more than 500 creditors. The group had gone on a year-long divestment spree, selling individual assets or packages of pharmacies resulting in the entire high street portfolio being sold. Turpin Barker Armstrong Accountants, which were appointed to handle the process, said in its statement of affairs report that £293m is owed to 514 creditors. Liquidators of the Coventry-headquartered business said £8.2m can be recovered for preferential creditors and only £800k for unsecured creditors.
Rekom UK	Birmingham	Visitor Economy	Some 464 jobs were lost when 17 venues in the Rekom UK chain were closed last month. The venues closed included Birmingham's Pryzm nightclub which saw 70 jobs lost. Rekom UK's remaining portfolio includes 23 venues, including ten bars and 13 nightclubs. Figures show that Rekom UK owed around £40m to trade creditors when administrators were called in.

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	DETAIL
Gymshark	Solihull	Retail	Gymshark has admitted its fast-growth days are behind it after a challenging year that saw it reduce its workforce for the first time. The West Midlands-headquartered retailer reduced its administration staff by 170 people.
MBH Corporation	Birmingham	Finance	A diversified investment firm has been placed into administration with directors at odds at how the company will move forward. MBH Corporation, headquartered in Birmingham, acquires and develops businesses in fragmented industries. An Extraordinary General Meeting will be held to discuss the future of the business and to vote for the removal of the board of directors.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
Parker & Parker	Brierley Hill	Property	A Birmingham-based property company has purchased the headquarters of a law firm for £2.8m. Higgs' 28,600 sq ft Waterfront Business Park office in Brierley Hill has been its home for the last 15 years. Parker & Parker, who specialise in investing in commercial and residential portfolios both in the UK and overseas, will now take over the base.
The Eden Property Group	Wolverhampton	Housing	Wolverhampton's former landmark department store Beatties has been acquired for £6.15m, after sitting vacant since the departure of House of Fraser in 2020. The Eden Property Group, based in Middlesex, has purchased the 376,000 sq ft property on Victoria Street which comes with a £70m development opportunity. More than 400 homes are expected to be built on the site thanks to two former planning applications.
Allsee Technologies	Birmingham	Technology / Manufacturing	Plans for an 80,000 sq ft tech headquarters have been submitted by Allsee Technologies in Longbridge. More than 150 jobs will be created at the £20m development on St. Modwen's Longbridge Business Park by the digital advertising display manufacturer.
Aurrigo International	Coventry	Manufacturing	Aurrigo International has signed an agreement with Digital Testbed Air Cargo Project Consortium to deploy the Company's Auto-DollyTug at Munich International Airport for autonomous cargo transport trials. Auto-DollyTug is scheduled to be deployed in Q2 2024, with results published in Q3 2024.
Keon Homes	Coventry / Wolverhampton	Construction / Housing	Keon Homes has made four new land deals worth more than £28m to start 2024. As a developer of affordable housing and extra care schemes, the company has secured three sites in Coventry, Nuneaton, and Wolverhampton.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
John Pye Auctions	Birmingham	Property	200 jobs will be created by John Pye Auctions following the acquisition of a 20-acre Birmingham site which will become its largest auction sales space in Europe. The auctioneer will invest £15m with the purchase of the former Dart Products Europe site in Cradley Heath. Comprising 350,000 sq ft, it will be the largest of John Pye's seven retail sites across the UK and mainland Europe. Other plans include the creation of an auction facility with 50 salerooms which will support growing stock levels in a central hub.
Talbots Law	Coventry	Legal	Talbots Law is set to generate more than 30 new jobs in Coventry. The firm is recruiting legal assistants, solicitors, administrative personnel, and several director positions. The employee-owned practice added Sarginsons Law to its portfolio in May of last year and now aims to expand its presence in the city threefold.
Acuitus	Dudley	Retail / Property	The ownership rights to the Trident Shopping Centre located in Dudley are set to be auctioned off at the upcoming Acuitus commercial property auction. The auction is scheduled for February 15th with the shopping centre carrying a guide price of £2.75m. The property yields £468,800 in rental income and features 17 street-fronting shops along with an additional 10 stores within the mall, the complex also offers the convenience of roof and basement parking for up to 175 vehicles.
Cemex	Coventry	Marine Transport	Cemex, based in Coventry, has secured a grant of £1.7m from the Department for Transport. This funding will support the further development of a shore power system designed to eliminate the need for onboard diesel engines when ships are unloading marine aggregates.
Sama Investments	Birmingham	Housing	Plans have been approved for more than 546 homes and 710 student beds on a brownfield site in Birmingham's Digbeth Quarter. The development, known as Garrison Circus, is being brought forward by Birmingham-based, Sama Investments and designed by architect, tp Bennett. A 37-storey building will now be built alongside a variety of amenities which could include shops, cafes, or a dedicated space to support the local arts industry.
Folkes Properties	Dudley	Property	Sheffield Insulation Group's base in the Black Country has been sold to Folkes Properties. The site, located on Pedmore Road in Dudley, spans 3.9 acres and includes a 44,843 sq ft warehouse along with a smaller warehouse of 5,593 sq ft.
Revelan Developments Ltd	Stourbridge	Property	An application has been lodged proposing the creation of new residential and commercial space in a scheme which aims to support the comprehensive regeneration of the land to the north of Stourbridge town centre. Revelan Developments Ltd has brought forward proposals for three inter-related sites allocated for development in the adopted Development Plan.
Superdrug	West Bromwich	Retail	National retailer Superdrug has opened the doors of a new store in the West Midlands, creating 35 jobs. The 8,000 sq ft outlet is located at West Bromwich's New Square Shopping Centre.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
Innovate UK	West Midlands	Education and Skills	Innovate UK has announced the recipients of the Further Education Innovation Fund (FEIF) – a £7.3 million investment that will enable them to create Local Innovation Centres, of which £2.4m will go to colleges in the West Midlands. In the West Midlands region, the recipients are: • The Birmingham Innovation Centre Partnership, led by Birmingham Metropolitan College, and including all six colleges in the Birmingham area, targets digital technology adoption within SMEs in sectors such as advanced manufacturing, engineering, dental, and construction. • The Black Country Innovation Service, led by Walsall College and including all five colleges in the Black Country, will be a new anchor centre for manufacturing and engineering businesses to pivot into sunrise industries like electric vehicles and heat-pumps. • Driving SME Innovation in the West Midlands, led by Coventry College and including three colleges across Coventry and Warwickshire, will drive business innovation in net-zero technologies including electric vehicle supply chain building.
Corbally Group	Walsall	Property	A planned new industrial unit which will create jobs and transform vacant land in Walsall has been given the green light. Walsall Council's planning committee granted outline planning permission to Corbally Group to construct a unit on land known as the 'Bescot Triangle,' off Bescot Road. As well as the main development, the project will also involve the creation of an access road and storage area on the site.
Alanto	Walsall	Manufacturing	An innovative foam and rubber manufacturer in the West Midlands has seized the opportunity to explore new markets around the world and double its headcount, after snapping up another manufacturer in the region. Walsall-based Alanto has welcomed the UK's market leading polyethylene distributor and fabricator Ramfoam into its fold, in a move that takes the firm's annual turnover from £10 million to £20 million and more than doubles the size of its UK workforce.
University College Birmingham	Birmingham	Education and Skills	A £100 million investment from the Innovation Accelerator programme will see a new innovation hub launched at University College Birmingham. The hub will support manufacturing and construction businesses in getting up to speed with new technology adoption.
In-Comm Training	Wolverhampton	Manufacturing / Aerospace / Skills	In-Comm Training has joined forces with one of Wolverhampton's largest employers, the DWP and the WMCA to help unemployed people into advanced manufacturing jobs. The independent training provider, which operates two state-of-the-art technical academies in Aldridge and Telford, has created a fast-track course that will aim to create up to 65 new CNC machinists and electro-mechanical fitters for RTX's Collins Aerospace factory in Wolverhampton.
West Midlands Railway	West Midlands	Transport	West Midlands Railway has unveiled its brand-new fleet of electric trains. The Class 730 fleet will enter service in the region for the first-time next week, carrying passengers between Wolverhampton, Birmingham and Walsall. The Class 730s, built in the Midlands by Alstom, are part of

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
			a £700m investment in new fleets and infrastructure by West Midlands Railway and bring a significant capacity increase on the trains they replace.
KPMG UK	Birmingham	Financial services	Audit, advisory and tax firm KPMG UK has recorded a strong revenue growth of 9% to £2.96 billion. The firm has a strong presence in the Midlands, with over 1,400 colleagues based in the region. Last year KPMG UK promoted 83 colleagues across its Birmingham and Nottingham offices, with a further 156 joining the firm as graduates and apprentices, reflecting the firm's commitment to training the next generation of leaders and having a strong presence in the region.
Shakespeare Martineau	West Midlands	Financial services	The corporate and banking teams at law firm Shakespeare Martineau have supported a record-breaking £4.6bn worth of deals during 2023, including almost half a billion pounds'-worth of deals in the West Midlands alone. Experts in mergers and acquisitions, fast-growth businesses, funding and finance, Shakespeare Martineau's national team of more than 80 lawyers enjoyed an increase in activity and value in 2023. Sector highlights include energy, infrastructure and renewables, technology, med tech and healthcare.
Lawton Tubes	Coventry	Manufacturing	Sales at Lawton Tubes, a West Midlands manufacturer and supplier of copper tube and pipes, have been boosted by an acquisition made last year. The company, which has been producing material for the healthcare, air conditioning, plumbing and general engineering sectors for more than 105 years, purchased water management product specialist Wardtec in May 2023. Lawton said the integration of business has led to a £5m increase in sales.
Shearer Property Group/The Hill Group	Coventry	Property	Further funding for Coventry's City Centre South regeneration project, which includes more than 1,500 homes and new commercial space, has been approved. Urban regeneration specialist Shearer Property Group (SPG) has partnered with The Hill Group to bring forward the £450m mixed-use development, which received outline planning consent in January 2022. It comprises more than 1,500 homes and new commercial space. Cabinet, which met on 13 February, was recommended to approve the acceptance of additional WMCA funding of £12.24m to be added to the £98.8m previously secured.
Longacre Group	Birmingham	Manufacturing	Castings and engineering group Chamberlin has sold its specialist industrial manufacturing subsidiary in a £3m deal, as it looks to focus on its foundry and machining operations. Project Apollo, part of investment firm Longacre Group, has bought Petrel, which operates across the world in the oil and gas, marine and defence sectors. Petrel's 35 employees based in Kitts Green, Birmingham, will be retained by the new owners and will add to its 700 employees across Europe, US and Asia.
Metropolis Music	Birmingham	Visitor Economy	A promoter has announced a 4-day festival over the August bank holiday weekend in Centenary Square, Birmingham.
Drywall Steel Sections	Wolverhampton	Manufacturing	A family-run Black Country manufacturer has moved and doubled the size of its factory following a £7.59m investment from the West Midlands Combined Authority. Drywall Steel Sections, which has

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
			invested alongside the WMCA into the wider £13m scheme, has moved to a 39,850 sq ft factory built on 4.5 acres of brownfield land in Ettingshall, Wolverhampton.

3.3 WMREDI Devolution Deep Dive

Summary

Whilst there has been much research into the fragmentation of devolution in England, there has been little research into the impact that combined authorities. This might be in part due to the highly centralised nature of combined authorities themselves, with the majority of combined authorities retaining few devolved powers over different policy areas. It is only in the last year with the Deeper Trailblazer deals to WMCA and GMCA that real powers have been devolved to the combined authorities.

As these deeper deals have only begun in the last year, there has not yet been any substantial or robust reviews into the impact these deeper deals have had. However, the WMCA has conducted previous evaluations into projects or programmes conducted by the WMCA, which provide a more detailed story of the impact that the WMCA has had. There are few examples of these evaluations however, this is largely as many of the projects and programmes are still ongoing and have not yet reached completion. Therefore, it would be difficult for the WMCA to evaluate the impact of such projects and programmes, as the benefits are still be realised and outputs are yet to be completed. To ensure that impact of projects and programmes can be assessed, the WMCA need to ensure it has a robust monitoring and evaluation framework in place, to guarantee it is effectively capturing outputs and the resulting wider social and economic impacts.

In terms of fiscal devolution, the Resolution Foundation proposed in a recent report, following the deep devolution deals, that fiscal devolution should be negotiated in the form of a ‘triple deal’ between the government and the mayors of the West Midlands, Greater Manchester and London. They propose that combined authorities should retain a share of income tax generate within their locality, with the potential for the WMCA to raise between £40m and £187m, if this policy was to be pursued. They also propose complete retention of business rates and improved single pot funding.

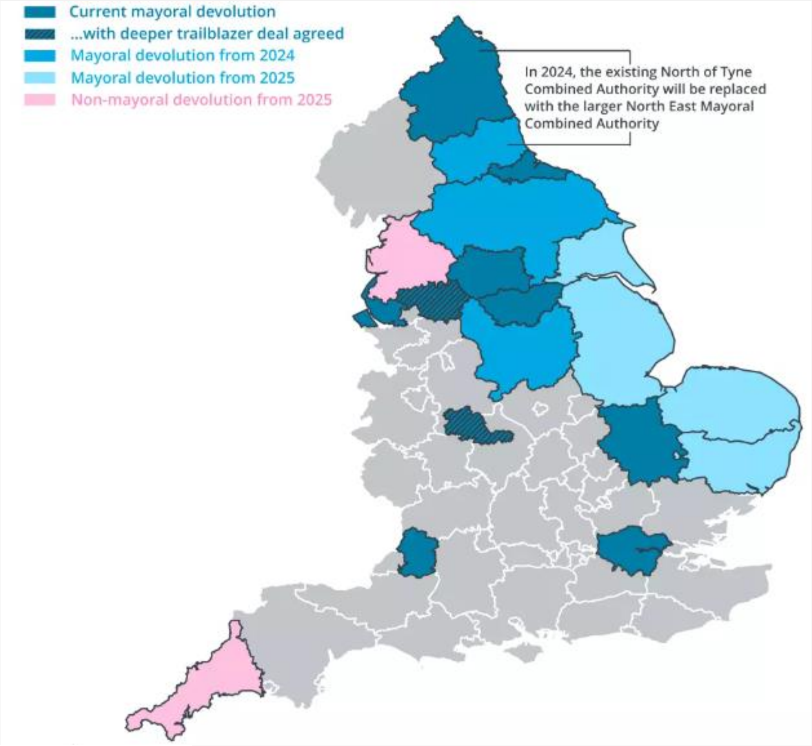
English Devolution

In the 1990s the Labour government devolved powers to Scotland, Wales and Northern Ireland, but English devolution was largely left out of the process, except for London with a Mayoral Authority was created. Rather than elected devolved assemblies similar to the nation devolved powers, in England the Labour government instead introduced a limited form of administrative devolution in the form of ‘regional development agencies’ and ‘government offices for regions’. However, this regional devolution was dismantled by the coalition government in 2010.

In 2014 the government then began to introduce bespoke deals between groups of local authorities which formed combined authorities, chaired by metro mayors, known as mayoral combined authorities. Nine mayoral authorities have since been introduced, alongside one non-mayoral devolution deal.

Currently there are 10 areas with a mayoral devolution deal in England including, Greater London, West Midlands, Greater Manchester, Liverpool City Region, West Yorkshire, South Yorkshire, Cambridgeshire and Peterborough, Tees Valley, West of England, and North of Tyne; as can be seen in the figure 1 below.

Figure 1: Existing and Proposed devolution in England, as of December 2022



Source: [Institute for Government](), 2023

Mayoral devolution, however, is being extended to three new geographies in 2024 into York and North Yorkshire, the East Midlands and changes are being made in the North East to mayoral geographies. In 2025 it is expected that Suffolk, Norfolk, Greater Lincolnshire, and Hull and East Yorkshire, will also get a mayoral devolution. With both Lancashire and Cornwall seeing non-mayoral devolutions in the same year.

According to the Institute for Government (IFG), the current deals cover 41% of England's population, 49% of economic output and 14% of land. If the nine new deals are implemented as planned, this will increase to 57%, 60% and 42% respectively, resulting in the majority of the English population being covered by a devolution deal of some form. Alongside this, 53% of the population will also have a mayor for the first time, with mayoral authorities expected to account for 58% of economic outputs and 36% of land use.

However, the deals that have been struck by combined authorities do not all have equally devolved powers, with deals being negotiated individually between central government and local leaders. However, the government has published a four-level devolution framework, accompanying the Levelling Up White Paper, which sets out the differences in powers by each tier level. The framework details the types of powers and functions that should be considered when negotiating a devolution deal however, this a dynamic framework which is built to evolve and be flexible to the needs of the local authorities considering joining as a combined authority. The 4 tiers set out within the devolution framework include:

> *Level 4*- Deeper devolution for an established single institution or county council with a directly elected leader (DEL) in post who can meet specific eligibility and accountability criteria.
>
> *Level 3* – A single institution or county council with a DEL, across a FEA or whole county area
>
> *Level 2* – A single institution or county council without a DEL, across a FEA or whole county area
>
> *Level 1* – Local authorities working together across a FEA or whole county area e.g., through a joint committee.

This can mean that even though the majority of England will soon be covered by a devolved power, the extend of the responsibilities and power of said devolved government will differ greatly depending on where you live. L4 devolutions deals, for example mayoral combined authorities, will see much greater powers and responsibilities devolved to them comparative to the other tiers. For example, L4 devolved governments will have much greater powers with regards to supporting local businesses, transport, skills and investment spending, comparative to the other levels of English devolved governments. Generally, across the England devolution has been fragmented and lacking clarity, powers and accountability.

Historically, in terms of accountability and demonstrating impact, combined authorities have had to agree to an independent evaluation leading up to a gateway review every 5 years, which assess progress and impact of investment funds. Alongside this the gateway review looks at how an area is meeting the requirements as set out in the National Evaluation Framework and HMG performance indicators. Based on the results of the review it is determined whether further funding should be provided in full.

Trailblazer Deals

What are the trailblazer deals?

In order to correct some of the issues, particularly with mayoral combined authorities, the government has introduced trailblazer deals in the West Midlands and Greater Manchester. The purpose of these deals will be to trial a new way of devolving powers to mayoral combined authorities, trying to correct issues around lack of clarity, powers and accountability. Alongside simplifying funding arrangements.

It should also be noted that whilst the 2 combined authorities will now have more devolved powers, a large number of the proposals within the deal will have to be co-designed with central government agencies and departments. Particularly in areas such as skills and tourism. The co-design element may seem like a way for central government to maintain control however, the co-design element may actually facilitate greater trust between difference levels of government.

How has funding been reformed in the trailblazer deals?

Currently, combined authorities rely on a large number of separate funding streams linked to specific funds, policies and/ or projects. This not only limits their flexibility and sovereignty in where and how they spend money in their area but, requires greater management capacity as it requires them to report back separately on each fund, policy or project spend to government.

As a result, the government has agreed to implement a new funding system, in which the WMCA and GMCA will receive a single funding pot arrangement. The new funding arrangement will cover the entire spending review, this should provide the mayoral authorities with greater sovereignty over spending, reduce reporting requirements, and provide long term certainty. Additionally, the single funding settlement will also be the default mechanism for assigning additional funding to devolved areas. So, if the government were to develop a new fund or programme, for example in skills, the WMCA and GMCA would simply be given a proportion of the funding or programme budget in line with the devolution agreement.

The single settlement would cover funding for local growth/place, transport, housing and regeneration, adult skills and retrofitting. Whilst the combined authorities do receive funding allocations in respect of these areas, combined authorities would be free to choose how money is spent and moved between them. Devolution of fiscal powers to generate income has not been included in the deals.

Research on the Impact of past devolution deals

Research	Summary
Institute for Government: The art of the devolution deal	The key conclusions within this report include: • *Devolution has led to improved decision making in many places – but is no silver bullet:* Devolution deals have enabled local leaders to allocate resources, regenerate their economies and reshape public services in light of local needs and preferences. However, devolution is not perfect, if a deal is based on incoherent geography, lacks sufficient local support or is poorly implemented, the effectiveness of the devolved institutions will suffer. IfG concludes that those involved in concluding devolution deals – both at the local level and in Whitehall – should focus much more on the how of devolution, to ensure that deals do actually make a positive difference to the communities they cover. • *There are four phases in the life cycle of a devolution deal:* The report is divided into four chapters, reflecting the four key phases of a devolution deal. However, the report sets out that the devolution process is not linear. Once an initial deal has been successfully concluded, most places look ahead to the next step in the devolution journey, and they cycle recommences. So, an initial limited deal can pave the way for deeper devolution later on. • *Central government should also improve its approach to devolution*: The report outlines the key recommendations for central government, these can be seen in the summary of the report here.
Bennett Institute for Public Policy: Devolving English government	The key conclusions within this report include: This report found that the key issues with the current administrative arrangements which have become particularly apparent have been, undue centralisation, incoherence, and a lack of democratic accountability. All three linked to the ever-changing character of administrative arrangements in England, as these have been repeatedly altered and further complicated in the last few decades. If English devolution is to be given the chance to bed in and progress over the coming years, new structures in Whitehall are needed to oversee and protect the devolution process. Otherwise, there is likely to be a continuation of the cycle in which new subnational institutions are created, only to be abolished or reorganised a decade later, leaving little opportunity for English devolution to take root. The report recommends: • The establishment of a new independent commission that would be tasked with examining in depth how England is currently governed. • A commitment from both parties to complete the devolution map by 2030. • The introduction of an English Governance Act, which would gather together and codify the existing legislation on England's local and regional government structures. • The establishment of an English Devolution Council, a body that would represent local government in the heart of the UK government. • The creation of an England Office within the structures of central government and an England-focused cabinet committee.

The Constitution Unit: Eighteen deals and counting: finding meanings in England's devolution deals	In this review into the different devolution deals Mark Sandford, a senior research analyst at the House of Commons Library and an honorary senior research fellow at the Constitution Unit, concludes: The mid-2020s may come to be seen as a critical juncture for devolution of power within England. Its merits are increasingly accepted within government and both major political parties. In a tight fiscal context, it offers a means of improving policy outcomes with minimal additional cost. It has the advantage of being a socially desirable policy: centralisation now has few friends. However, the detailed practicalities of delivering English devolution will have as much effect on its outcome as declarations regarding new powers. Changes in governance practice should thus be a core focus of future research initiatives.
Institute for Government: How can devolution deliver regional growth in England?	This report argues that combined authorities and similar institutions in other parts of England should control key economic policy levers, including on transport, skills and planning – which means deepening devolution across England – but that in other areas such as basic R&D funding and regulation it is right the centre retains control. Funding of both combined authorities and local authorities needs to be reformed and simplified, building on new 'single funding pots' for some mayors. And the government should look to 'fill in' the English devolution map, but consistency here is more important than speed. The main recommendations identified in the report include: • There are opportunities to devolve further policies to combined authorities and similar institutions to deliver economic development • Key strategic economic functions should be retained at the centre • The centre has an important role to play to enhance the benefits of devolution • Getting the funding of subnational governments right is critical • Devolution should be expanded in a way that creates a more coherent system For more information on the conclusions and recommendations in this report, please follow the link here

Research into Fiscal Devolution in England

Research	Summary
Resolution Foundation: In place of Centralisation	This report aims to change this by proposing a new approach to English devolution. The key findings were: The next phase of devolution should take the form of a 'triple deal' negotiated between the government and the Mayors of Greater Manchester, the West Midlands, and London. At its core would be fiscal devolution that would reconnect local resource to local growth, and would be revenue neutral for the mayors and national government. This can be achieved with: • Devolution of a share of income tax to the mayors, with Greater Manchester and the West Midlands keeping a larger share than London.

	Higher growth in these cities would lead to higher annual revenues, with Greater Manchester raising between £49 million and £230 million; the West Midlands raising £40 million and £187 million, London raising between £2 million and £27 million, and HM Treasury raising £161 million and £505 million in additional income tax revenues every year by 2038. • Complete retention of all business rates revenues and control over the multiplier; • Replacing all the grants that councils and the mayors receive from Whitehall with a single grant for each mayor; and, • Council tax reforms to give 74 per cent of households in each city, and a majority in every borough, an average tax cut of £637 a year. • Further devolution to improve economic growth will also require changes to powers and governance. The triple deal should therefore consider. • Planning reform for the mayors, and control over commuter railways, A and B roads, and city centre licensing, in addition to police powers for the Mayor of the West Midlands and other smaller changes to responsibilities.

Impact that the WMCA has had so far

Whilst, the WMCA alongside other local authorities do have to have an independent evaluation every few years, this is largely is about process and financial management, it does not access the wider economic and social impact the combined authorities have.

However, the WMCA has conducted some evaluations of projects and programmes, which do demonstrate the wider social and economic impact that they have had. The table below summaries evaluations of projects and programmes conducted by the WMCA and the wider economic and social impact they have had:

Evaluation	Summary
Innovation	
Early Assessment of West Midlands Innovation Programme (WMIP)	The WMCA made available £2.96m in 2019 for three years (Phase 1) to test new approaches to supporting innovation in the region that could be scaled up into a larger programme (phase 2) capable of leveraging funding of £36 million over its five-year life. WMIP aims 'to drive up levels of demand-led business innovation across all areas of the region'. There was significant and substantial progress in the first six months before the pandemic hit. WMIP continued to be successful in achieving its target outputs and exceeding four out of the five main outputs that were set out at the beginning of this project. Using the similar methodology as the original business case, it was calculated that over the 3 years to date that the programme will have generated £29,109,177 in total net additional GVA effects (cumulative).
Business Support	
Evaluation of West Midlands Cultural and Creative Social Enterprise Pilot Programme	The WMCA Cultural Leadership Board developed the proposal for the Cultural and Creative Social Enterprise Pilot to address challenges faced by smaller, diverse-led organisations operating hyper-locally within their communities. The West Midlands Cultural and Creative Social Enterprises Pilot Programme involved commissioning two established cultural and creative sector social enterprises (SEs) as host SEs to support five cultural and creative micro-SEs in working with their local communities and providing them with a business development grant to assist them in pivoting their business model.
Employment and Skills	

Connecting Communities Evaluation	Connecting Communities was part an employment scheme run by the WMCA, which adapted the Job Plus model to the specific social and economic context of the WMCA. With the WMCA interested in the role of community, social and psychological factors underpinning persistent localised worklessness. The pilot adopted a place-based saturation approach with no restrictions on eligibility for residents within defined neighbourhoods.
Digital Skills training Pilot	This was an evaluation commissioned by the WMCA into their Digital Skills Pilot, that they ran in partnership with the DWP. The pilot aimed to support unemployed and employed combined authority residents form the West Midlands to enter and/or progress into employment within digital occupations. The evaluation highlights the programme impact and learnings of the pilot, include employment outcomes, growth in training providers and increased representation of BAME women in the digital sector.

Other evaluations have been commissioned, into areas such as WMCA UKSPF investment in business support however, such evaluations are in the early stages and as such, no findings have yet been released. Overall, there were limited publicly available examples of evaluations of projects and programmes conducted by the WMCA, though it should be noted that a large proportion of projects and programmes are ongoing and therefore, there has not yet been scope for the WMCA to evaluate their impact.

How England's Devolution Catch-22 Stands in the Way of Balanced Growth

Charlotte Hoole, Jack Newman and Simon Collinson discuss their recent paper that shows a lack of decentralisation is limiting the capacity and capability of local institutions to devise and implement growth and development strategies important for locally-driven 'levelling-up' in England.

In recent years, the UK has experienced increased economic and social inequalities. Of particular concern for the country's future economic fortunes, there has been a marked growth in interregional imbalances, with rising geographical inequalities in both the capacity for wealth-creation and the distribution of the benefits of economic activity.

The Pandemic

The Covid-19 pandemic accelerated these inequalities and revealed strengths and weaknesses in the resilience of existing institutional and decision-making structures. Agile responses to the health and economic impacts of such crises are seen partly to rely on targeted interventions at the local level. Devolved funding and decision-making and strengthening local institutions should therefore be a key focus of attention for policymakers. This can help the rebalancing or 'levelling-up' the economy, and more immediately improve resilience in the face of economic shocks.

However, there are particularities of the UK's governance system, especially within England, that have significantly limited the devolution process and by extension the capacity for targeted local interventions. Our analysis of the existing data shows that the UK is highly centralised by international standards, and is regionally unequal in terms of pay, productivity, and deprivation. We then go a step further, using qualitative interview analysis to identify the hurdles faced by local institutions as they attempt to develop their local economy and petition central government for more powers and funding.

We consider devolution in relation to three specific components of governance:

1. **Distribution**: the distribution of public investment (such as in infrastructure, research and development (R&D) and other endowments which underpin regional growth).

2. **Decision-making**: the allocation of decision-making power over resource appropriation (e.g. tax-raising) and resource allocation (spending and investment) as central indicators of devolution.
3. **Institutional quality**: the level of investment and resources to support the capacity and capability of local institutions to develop locally appropriate growth strategies and to target and deliver effective interventions.

Crucially, the lack of decentralisation of these three components in England creates a Catch-22 for local institutions. That is, a set of circumstances whereby English regions need to evidence capacity and capability to gain devolved resources and powers, but without devolved resources and powers, they cannot develop the required capacity and capability to develop their strategies and demonstrate their ability to manage devolved funding and increased responsibility.

Catch 22

This Catch-22 is a cyclical, path-dependent, legacy problem which is undermining attempts to reduce regional inequalities across England, with significant socio-economic and political implications. It is a problem that arises because of two features of the UK's political system.

Firstly, because subnational institutions lack constitutional protection within the UK's uncodified system of parliamentary sovereignty, their powers and responsibilities are the product of perennial central-local negotiation. This includes primary and secondary legislation and official negotiations over 'devolution deals' but also the informal negotiation of a range of other relationships and power balances.

Secondly, because the UK generally, and England specifically, has an asymmetric model of devolution, it contains a patchwork of different institutions with different interests and different relations with the centre. This limits the capacity of subnational governments to act as a single bloc in their attempts to secure investment and decision-making powers from the centre. While some collaborative petitioning of central government does occur, the variation between institutions inhibits the emergence of any constitutional norms or conventions protecting the rights of England's subnational institutions.

Our Paper

In our paper on England's Catch-22, we consider the context, functioning, and implications of the Catch-22 in the English context, but also highlight this as a potential problem for other countries that pursue an ad hoc asymmetric approach to devolution. These issues sit at an increasingly important nexus between institutions, powers and competency, on the one hand, and the regional competitiveness agenda and 'levelling-up', on the other.

Delivering on the levelling up agenda – reducing regional economic and social inequalities – is dependent on local and regional interventions in 'left-behind' places. This, in turn, depends on an integrated, systemic approach to understanding regional disadvantage, which requires subnational institutions with the capacities and capabilities to intervene strategically in their local economies. However, we argue that barriers to developing quality institutions include the lack of decentralisation of the three components of governance listed above in relation to 'distribution', 'decision-making' and 'institutional quality' for promoting long-term capacity-building in regions. These barriers affect the capacity and capability of local institutions to devise and implement strategies for growth and development, thus severely restricting the levelling up agenda.

The full paper is published in *Contemporary Social Science:* England's catch-22: institutional limitations to achieving balanced growth through devolution.

The work was carried out as part of the LIPSIT project that aimed to identify institutional and organisational arrangements at the regional level that tend to lead to the 'good' management of policy trade-offs associated with increased productivity.

The Morbid Symptoms of Low-Growth and Low-Productivity: Is Devolution the Key to Levelling-Up?

Rebecca Riley and Ben Brittain discuss the need for a radical change in the way funding is distributed in the UK as well as a reform of local institutions.

The age of 'morbid symptoms'

Michael Gove gave the Ditchley Annual Lecture in July 2020, before he was reshuffled from the Cabinet Office to the newly titled 'Department for Levelling Up, Housing & Communities.

In the lecture, he identified the current malaise of UK growth, distrust in democracy, and lack of faith in capitalism as an age of 'morbid symptoms'.

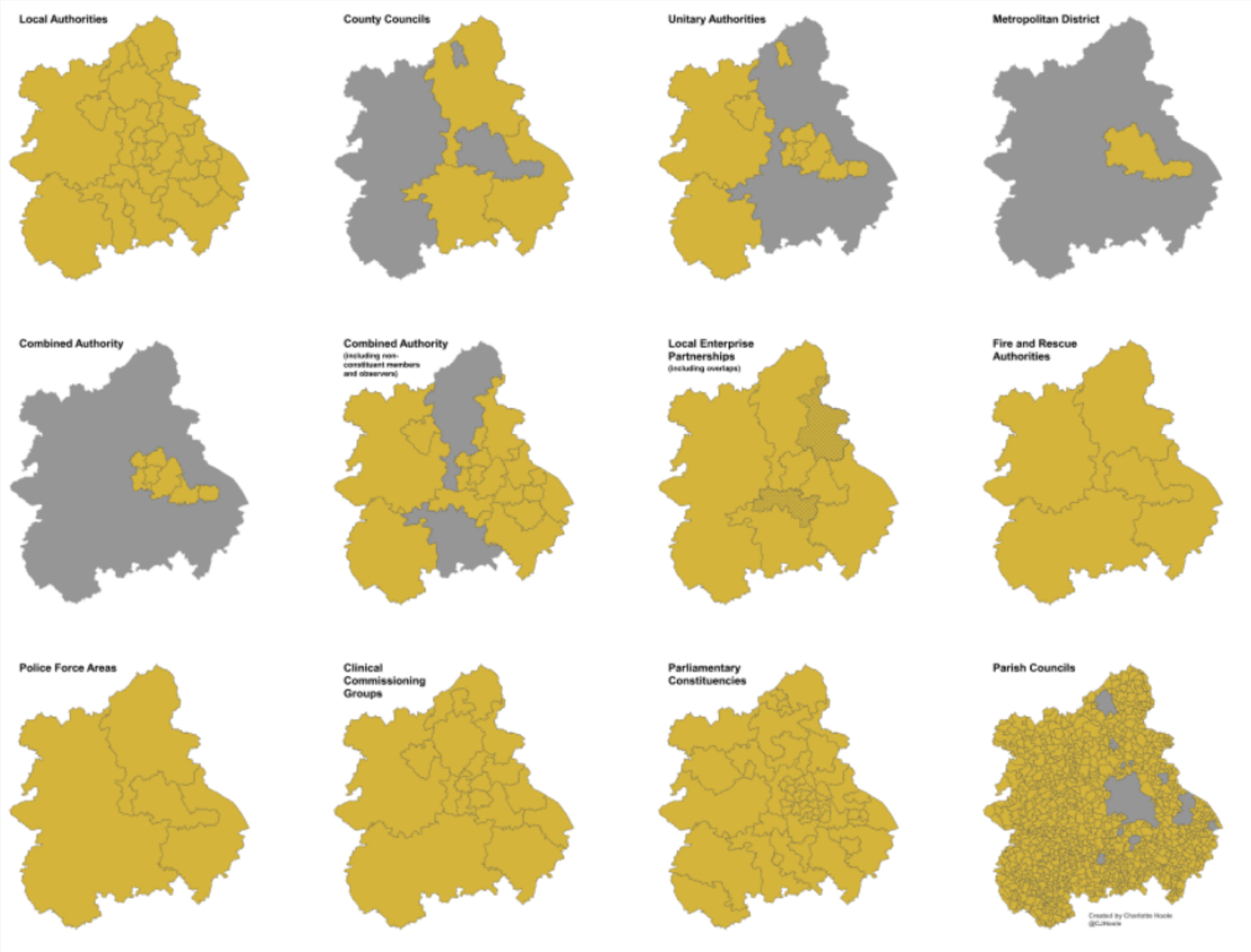
Growth, he argues, has been slowing in the UK, and its benefits have been concentrated in the hands of the 'already fortunate'. High-skilled workers have often seen a return on their labour, but those workers in low-skilled manufacturing roles have seen little return with many jobs offshored and wages undercut in an age of globalisation and mass migration.

The medicine for this age of morbid symptoms is, Gove argues, to reform capitalism, reinvigorate support for democracy and 'get Government working better for all while building more inclusive societies.'

Levelling up White Paper

The Levelling up White Paper reflects this view; the paper presents a step-change in the approach to economic geography and structures. The first 2 chapters draw out both strong evidence but also a different approach to the country and its place assets.

However, to achieve this the machinery of government must change. Real change requires real reform, and it requires structural reform of government. The government's levelling-up agenda is a prescription to help cure the UK's current low-growth, low-productivity malaise, but the ingredients must be right. There has been a considerable response to the paper, and much of it is centred on whether the vision in the paper will flow through to organisational and operational delivery.



The reform of local institutions

Firstly, the reform of local institutions will face the challenge of ensuring they are invested in delivering programmes that are more tailored to local needs. To achieve that appropriate and real devolution is going to be crucial.

We can draw on our research at City-REDI to reveal the embedded structural problems within the current structure of sub-national governance.

In her research, Professor Anne Green looked at the spatial economic architecture of the Midlands, conducting an audit of local and sub-regional economic development strategies and plans. The audit revealed that some regional 'strategies' are in fact just 'visions.' Not all have numerical and tangible targets that would be needed for evaluation, not all identify the funding required for intervention and often targets relate to closing a gap, which suggests even a minimal closure of identified gaps could be seen as a 'win'.

Mismatch of funding and the needs of a local place

This is also a feature of the mismatch between funding that is devolved and the needs of a local place. Lack of devolved funding and capacity can lead to a place knowing exactly what they need to do to level up, but a misalignment with the financing they win, or which government devolves.

As Gove identified in his lecture, the government needs to be rigorous and fearless in its evaluation of policy and projects, alongside the need to evaluate data more rigorously. This should not be reserved for central government capital projects but also for local authority and combined authority projects. However, the capacity and capability at this level have been hollowed out and need rebuilding. The government itself also has to heed Treasury's guidance on place-based assessments and ensure projects and programmes are assessed across the board for place impacts and ultimately the impact on levelling up.

The Complexity of Local Government

Alongside this, local governance is often geographically uneven and unnecessarily complex, with a mix of statutory and non-statutory organisations and responsibilities that have developed in an ad hoc manner, usually in response to government policy. This poses difficulties for gaining a clear line of sight between sub-national and national policies. Additionally, the government's use of ad hoc funding pots, which local authorities must bid for, compounds coordination problems. There is also variation by the department on how they handle delivery at a local level, which adds to the confusion. The White Paper goes some way to suggest changes to this structure, but the language used is still couched in advisory terms.

Reviewing competitive funding model

The competitive funding model allows larger and better-resourced governance structures to prepare and submit bids to the central government, often meaning rural and smaller urban local authorities are at a disadvantage, unable to prepare bids without being resource intensive or outsourcing to expensive consultants, with no guarantee of success.

Reviewing one recent fund that exemplifies the competitive approach, on 3 November 2021 the UK government announced a list of 477 successful bids (from 1,073 submitted) for its Community Renewal Fund (CRF). The fund supports investment in skills, local businesses, communities and places. The winners across England, Scotland, Wales and Northern Ireland will share a total of £203m, all to be spent by the end of June 2022.

In public expenditure terms, the CRF is modest, but it is supposed to prepare the way for the new UK Shared Prosperity Fund (UK SPF), intended to replace EU funding and be worth on average £1.5bn a year. Underpinning the CRF and SPF should be local needs and it should be guided by the overarching agenda to 'level up'.

The WMCA submitted 23 bids and was awarded 8; of those 8 many were not the highest score of the 23. The successful bids were heavily focused on skills/employment, but no universities won bids and there was nothing on business support. This is a worrying signal if it is replacing EU funding which is a major funder of business support and university assets nationally. EU funding is also a source of match funding to leverage other public and private sector funding and its loss would lead to an overall reduction in wider funding as a result.

The successful CRF bids allocate money to projects submitted by county councils, combined authorities, Local Enterprise Partnerships and (elsewhere) unitary authorities. Adding up the awards to the regional level, and comparing the figures with the regional distribution of EU funding, show that the Southeast, East and South West see a substantial increase in their share:

	% share of English pot EU funding 2014-20	CRF awards
North West	17.4	9.7
West Midlands	14.0	13.5
South West	13.9	17.5
Yorkshire & Humber	12.2	11.2
London	11.4	3.0
North East	11.3	6.2
East Midlands	9.9	12.7
South East	7.2	10.3
East	2.6	15.9

The share of CRF awards going to the three northern regions – North East, North West and Yorkshire & the Humber – is just 27 per cent, down from 41 per cent of EU funding.

If this distribution of CRF funding were to be repeated in the allocation of UK SPF funding it would represent a major shift in resources to southern England and away from many of the places most in need of levelling up.

In addition to this, there were a total of 1,073 bids submitted to the Government for consideration. This figure also does not account for those that were sifted through and rejected. The competitive bidding process is resource and labour-intensive, requiring substantial effort from local authority (LA) officers and wider policy and business development managers to collate, write and align bids with Government's criteria. Often LAs do not have the internal capacity to commit staff time, and many LAs do not have the expertise and skills within the organisation so the responsibility is contracted out.

The Business cast cost

The business case cost, which would account for the writing, approvals and reviewing costs of staff for salary and on costs at the local, regional and national level, could equate to a conservative estimate of just under £30,000 (without any use of consultants), This would mean the average bid can be estimated to cost £30,000. Across the West Midlands, there were 110 bids, totalling £3.3million. The average successful bid is however only worth around £500k. The West Midlands CA won 8 bids.

The £3.3million is a wasted resource which could be utilised to address and deliver prioritised projects, whether that be skills-focused, regeneration, housing or climate change initiatives.

Of the 1,073 bids submitted to the government, 596 were unsuccessful. If we use the baseline average of £30,000 per bid it equates to nearly £33m in wasted human capital that could be used elsewhere. The total amount of the CRF fund is £203m but deducting £33m on bid preparation is unnecessary waste. This cost is also hidden, it is in the operating costs of local organisations that do not have the flexibility to account for this cost; this means that even simply applying for funding the precious resources are taken away from other vital services and activities.

Funding uncertainty and a reliance on consultants

It shows that the competitive bidding process is a potent example of a wasteful government. This also came out in research conducted in partnership with WMREDI / City-REDI and the now disbanded Industrial Strategy Council (ISC) on subnational government. We found that funding uncertainty creates over-reliance on consultants, who are often more costly and have a limited positive impact on building institutional knowledge. Down the line, this can also lead to failures in operational delivery as these aspects are not built into the business case as effectively as they could be.

Internal capacity, particularly in analytical functions, was considered insufficient and held institutions back in terms of developing coherent evidence-based, long-term strategies and securing funds from central pots. Insufficient skills and capacity also limit their ability to conduct evaluations and learning.

The need for great fiscal devolution

To rectify this the ISC and WMREDI recommended greater fiscal devolution, particularly in terms of more devolved spending powers. This would enable funding to be spent on targeted, long-term interventions that address place-specific issues, issues can still be aligned with the centre but at a single pot programme level rather than piecemeal.

Multi-year, single-pot funding settlements are needed to create more certainty and enable longer-term strategic planning and implementation. More long-term investment from the public sector is needed to unlock local economic growth and ensure private investment follows. The benefits would be:

- Cutting down on waste at a local level where effort can be put into developing strong business cases, solid project delivery and evaluation capacity, improving outputs and keeping activity close to need;
- Increasing partnership working at a regional level where efforts are put into strategic investment decision making and alignment of projects and programmes, as well as specialised research, intelligence and technical capacity for the benefit of local partners;
- Reducing the reviewing and assessment burden nationally so that effort can be put into strategic portfolio management and evaluation;
- Across the board, it would be a more transparent process, with funding and accountability hand in hand

To cure the morbid symptoms of sub-national governance in the UK and achieve the ambitions Michael Gove outlined in the Ditchley Annual Lecture, we need to devolve down to level up.

View REDI-Updates

The Case for a Just Devolution

Liam O'Farrell discusses the idea of 'Just Devolution', whereby devolution is driven not by demands to stimulate growth but to create a more just society.

Find out more about the Just City Project.

Devolution is currently front and centre in British politics. There have been comparisons of the relative performance of the devolved governments in Scotland and Wales during the Covid pandemic and national debates provoked by mayors of the new combined authorities – think of the clash between Greater Manchester's Andy Burnham and Whitehall over support for businesses during the lockdown. As Harold Macmillan might have said, when it comes to media coverage, devolution has never had it so good.

Devolution also accords with the oft-repeated yet poorly defined mantra of 'taking back control' that featured so prominently in the Brexit referendum and its immediate aftermath. However, successful devolution requires both funding and decision-making power to be transferred to sub-national levels. In this regard, the picture in England is murky. Indeed, a cross-European study of devolution found that the UK is one of the most centralised countries on the continent, comparable to the likes of Hungary and Ukraine and lagging far behind top performers such as Switzerland and Sweden. Moreover, the research found that local autonomy has actually decreased in the UK over the period 1990 to 2016.

Local authorities in the UK have been crippled by a decade of austerity and will see a further loss of billions of pounds after the government broke its promise to match EU structural funds. Both developments hit poorer areas harder. Research has also shown that funding allocations as part of the 'levelling up' agenda have been influenced by Conservatives' electoral calculations rather than local needs, a case of politics corrupting policy. The relatively small sums granted to the combined authorities in England have been described as a smokescreen of devolution, or a mechanism for "devolving the axe". For instance, a review noted that the £30 million devolution deal to the city region around Bristol does not even begin to offset the £156 million budget cut to Bristol City Council alone over 2010-16.

In a new journal article released by myself and Roman Zwicky of Zurich University, we sought to introduce a new concept into the debate on devolution, and in turn provoke others to consider the ethical dimensions of what it means to decentralise power. As we note, research on devolution at present is dominated by discussions of the optimum degree of fiscal decentralisation for achieving economic growth, how to most efficiently allocate resources, and which decisions are best made by national versus local governments. This is despite the fact that there is a clear normative aspect to devolution; the case of Scotland shows how devolution is not just about technocratic resource allocation but also spans issues of identity and culture.

We, therefore, make the case for what we term a 'just devolution', whereby devolution is driven not by demands to stimulate growth, but instead to create a more just society with, among other aspects, greater access to affordable housing, good education and decent healthcare. To this end, we introduce the concept of spatial justice into the literature on devolution, which is a theory used in urban planning that considers how social injustice can be mapped and analysed across space. For example, we may note districts of cities with an overlap between a concentrated population of a particular ethnic minority, low employment rates and weak educational attainment. We have thus identified spatial injustice which suggests the need for interventions targeted to that area; that same minority group may not experience these poor outcomes elsewhere in the city.

Our research over three years was part of a project funded by the Swiss National Science Foundation that involved interviews and data collection in Birmingham, Lyon and Zurich to understand the democratic foundations of the just city in a comparative approach. We have summarised our findings in a further journal article that was recently released. We spoke to urban planners, city leaders, councillors, property developers and housing associations across Europe to understand the drivers of spatial injustice and the role of local decision-makers in impacting this issue. In our view, a just devolution happens from above and below. That is, powers and meaningful resources are devolved by national governments. At the same time, local ecosystems of civic engagement and intelligence-gathering capabilities are developed to make use of devolution. In both regards, we contend that universities are critical nodes as sites of knowledge production which can inform policymakers while also incorporating the voices of citizens into the recommendations.

We contend that a just devolution geared towards overcoming inequalities and creating a people-centred model of decision-making could substantially contribute to the devolution debate in the UK. At present, it can often seem as though British politics is lurching from crisis to crisis, and research has shown that the UK had among the worst performances of any developed country during the pandemic in terms of excess deaths and the decline in life expectancy. The super-centralised model of decision-making orbiting around Whitehall was shown to be rigid and flat-footed. This performance adds to the need to rethink how power and resources are distributed in the country.

Indeed, without substantial reform, the very future of the UK seems in doubt. A flurry of articles has appeared on this topic since Brexit. ***The Economist*** has extensively written about the 'increasingly fragile' United Kingdom. A recent piece in ***The Atlantic*** opened that 'the grim reality for Britain… is that no other major power on Earth stands quite as close to its own dissolution.' Polling by BritainThinks found that 59% of people living in the country think that the UK will break up in the near future. Dissatisfaction with the status quo is largely seen as a key driver of the Brexit vote. A failure to implement meaningful changes will only lead to further political shocks. The time has come for a meaningful, far-reaching and just devolution that can transform our places for the better.

Devolution and Levelling Up: Boon or Bane for the Region?

Charlotte Hoole discusses the levelling up agenda, what it means for devolution, and what opportunities it presents for the West Midlands.

The Levelling Up Agenda

Since their election in 2019, the promise to 'level up' the country has been at the centre of the current UK government's political agenda. The idea of levelling up is to reduce the rising place-based economic and social inequalities in the UK, without compromising growth in already successful places. The recent Covid-19 pandemic has intensified these inequalities, with agile responses to its health and economic impacts seen partly to depend on targeted interventions at the local and regional level. However, the crisis has revealed a number of weaknesses in the existing sub-national governance structure to respond. These should provide important lessons for the UK government as they turn their attention to levelling up, with major economic transformations in 'left behind' places relying heavily on the capacity and capability of sub-national delivery mechanisms to implement these.

An Ambiguous Idea

Despite its widespread use, levelling up remains a largely ambiguous phrase with no clear objectives. There are, however, some things that we do know about levelling up. Firstly, the focus is on place and tackling inequality at the sub-regional level. Secondly, outcome measures are likely to go beyond the commonly used abstract measure of productivity to include also measures relating to, for example, education, health and crime. However, it is still unclear what is meant by 'place' and, therefore, where sub-regional boundaries will be drawn, as well as what more precise measures will be used across a wide range of policy areas. Furthermore, central government is yet to reveal whether levelling up is to be delivered from the centre or via more sub-national powers and resources. This is a key point that needs addressing since without more control over policy and local budgets, the potential of local and regional institutions and leaders to build on regional strengths and deliver targeted interventions in areas such as skills provision, housing, transport and the delivery of public goods and services will continue to be restricted. While the recent call from the Prime Minister for greater devolution across England during his recent flagship levelling up speech in Coventry could be an indication of better things to come, this was scant of new policy or signs of any major reform to the existing governance structures and processes that research shows will hinder the UK's chances of levelling up.

Subnational Government

Research carried out by the LIPSIT project finds that the current system of subnational governance is unsuited to the task of levelling up, revealing a highly ineffective arrangement. A core challenge links to the way places are funded, with the heavy use of funding competitions found to be an extremely inefficient mechanism to deliver place-based interventions. This is because the short-term, fragmented and overly specified nature of competitive funding streams leads to wasteful processes, money not being spent on what places need, an inability to plan long-term, and strategy not being implemented. Other system problems were also identified in relation to a complex institutional architecture leading to unclear organisational roles and responsibilities, as well as a lack of local visibility and accountability. Together, these significantly reduce the collective capacity and capability of subnational institutions and hugely undermine the delivery of the UK's levelling up agenda built on place-based interventions. The aim of strengthening subnational institutions with a commitment to transform central-local relations must therefore be placed at the forefront of the government's plan.

Opportunities for the West Midlands

Despite these challenges, levelling up presents a number of key opportunities for the West Midlands. Given its leading role in the English devolution journey so far and as the region emerges from the pandemic a stronger and more united force, the West Midlands is uniquely positioned to present a powerful voice to the government for facilitating a discussion on the structural changes needed. There has also never been a better time for the region to lobby the government for more regional powers, having demonstrated its competency to work together to deliver effective regional interventions quickly in response to the pandemic. While much of this will, of course, depend on the form that levelling up will take and the UK government's appetite to deliver this via more devolution to English regions, it is important that the region also focuses on what can be achieved irrespective of the system. The region must ensure they continue building on their existing infrastructure, relationships and good practice for working together closely and remaining ambitious in their plans for improving the lives and livelihoods of all residents across the West Midlands over the medium- to long term. Businesses in the West Midlands will also benefit from the increased prosperity this will bring to the region and can help by setting out their own plans to support these wider ambitions, for example, by providing more training opportunities to low skilled employees and capping the top to bottom wage ratio. All of this must be supported by a strong, collective vision of what levelling up means for this region.

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